

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION

3 ILLINOIS COMMERCE COMMISSION) DOCKET NO.
4 On Its Own Motion) 00 -0717
5 -vs-)
6 Mt. Carmel Public Utility Company)
7 Reconciliation of revenues)
8 collected under gas adjustment)
9 charges with actual costs)
10 prudently incurred.)

11 Springfield, Illinois
12 July 24, 2001

13 Met, pursuant to notice, at 10:00 A.M.

14 BEFORE:

15 MR. WILLIAM SHOWTIS, Administrative Law Judge

16 APPEARANCES:

17 MR. ERIC BRAMLET
18 Koger & Bramlet, P.C.
19 316 Market Street
20 P.O. Box 278
21 Mt. Carmel, Illinois 62863 -0220

22 (Appearing on behalf of Mt. Carmel Public
 Utility Company via teleconference)

23 MR. BRYAN SANT
24 MR. MARK MAPLE
25 527 East Capitol Avenue
26 Springfield, Illinois 62701

27 (Appearing on behalf of Staff of the
 Illinois Commerce Commission)

28 SULLIVAN REPORTING COMPANY, by
29 Carla J. Boehl, Reporter
30 Ln. #084-002710

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|---|------------------|-------------------------------|----|--|
| 1 | I N D E X | | | |
| 2 | WITNESSES | DIRECT CROSS REDIRECT RECROSS | | |
| 3 | PHILIP BARNHARD | | | |
| | By Mr. Bramlet | 11 | | |
| 4 | By Judge Showtis | | 13 | |
| 5 | BRYAN SANT | | | |
| | By Judge Showtis | 16 | | |
| 6 | MARK MAPLE | | | |
| 7 | By Judge Showtis | 18 | | |

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|----|-----------------------------------|-----------------|--|----|
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| 10 | I N D E X | | | |
| 11 | EXHIBITS | MARKED ADMITTED | | |
| 12 | Mt. Carmel Public Utility Co. 1.0 | 9 | | 13 |
| | Mt. Carmel Public Utility Co. 2.0 | - | | 13 |
| 13 | (Late-Filed) | | | |
| | Staff 1.0 | e -docket | | 17 |
| 14 | Staff 2.0 | e -docket | | 19 |

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1 PROCEEDINGS

2 (Whereupon Mt. Carmel Public
3 Utility Company Exhibit 1.0
4 was marked for purposes of
5 identification as of this
6 date.)

7 EXAMINER SHOWTIS: Pursuant to the authority
8 vested in me by the Commission I now call for hearing
9 Docket 00-0717 which is a proceeding by the Commission
10 on its own motion versus Mt. Carmel Public Utility
11 Company. This docket concerns the reconciliation of
12 revenues collected under gas adjustment charges with
13 actual costs prudently incurred. This docket concerns
14 a PGA reconciliation for calendar year 2000.

15 Will the parties please enter their
16 appearances for the record?

17 MR. BRAMLET: Appearing on behalf of Mt.
18 Carmel Public Utility Company, this is Eric Bramlet,
19 B-R-A-M-L-E-T. My mailing address is Post Office Box
20 278, Mt. Carmel, Illinois 62863, telephone number
21 (618) 263-3502.

22 MR. SANT: Appearing on behalf of the

1 Illinois Commerce Commission, my name is Bryan Sant,
2 B-R-Y-A-N S-A-N-T. My business address is 527 East
3 Capitol, Springfield, Illinois 62701, and my business
4 phone is (215) 782-4710.

5 MR. MAPLE: Mark Maple, appearing on behalf
6 of the Engineering Department of the Energy Division
7 of the Illinois Commerce Commission, same business
8 address. My phone number is 785-3403.

9 EXAMINER SHOWTIS: Testimony has been filed
10 in this docket by Mr. Barnhard on behalf of Mt. Carmel
11 and by Mr. Sant and Mr. Maple on behalf of Commission
12 Staff. Would the three of you please raise your right
13 hand?

14 (Whereupon the Witnesses were
15 duly sworn by Judge Showtis.)

16 Mr. Bramlet, why don't you have
17 Mr. Barnhard identify the exhibit that he wishes to
18 have introduced into the record?

19 MR. BRAMLET: Thank you, Mr. Examiner.
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1 PHILIP BARNHARD

2 called as a Witness on behalf of Mt. Carmel Public
3 Utility Company, having been first duly sworn, was
4 examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. BRAMLET:

7 Q. Mr. Barnhard, would you please state your
8 full name and business address.

9 A. Name is Philip Barnhard, President and
10 Chief Executive Officer of Mt. Carmel Public Utility
11 Company, an Illinois corporation. Address is 316
12 Market Street, P.O. Box 20, Mt. Carmel, Illinois
13 62863.

14 Q. Are you the same Philip Barnhard that
15 submitted direct testimony in this docket?

16 A. I am.

17 Q. Do you have before you a document that's
18 been marked as Mt. Carmel Public Utility Exhibit 1.0?
19 This is three pages of written text and attachments
20 marked as Exhibit G-1 and G-2 along with the
21 attachment which is the independent auditor's report
22 from Deloitte and Touche?

1 A. I do.

2 Q. Did you prepare Mt. Carmel Public Utility
3 Company 1.0?

4 A. I did.

5 Q. Is the information contained in this
6 exhibit true and correct to the best of your knowledge
7 and belief?

8 A. It is.

9 Q. Mr. Barnhard, you state in your testimony
10 that by the time the hearing takes place, the public
11 notice will have been published twice in the
12 newspapers in general circulation in your territory
13 and that notice will be posted in a permanent place in
14 the company offices, do you not?

15 A. That has been done.

16 Q. So that has been complied with?

17 A. Yes.

18 MR. BRAMLET: Mr. Examiner, we will be
19 submitting a late-filed Exhibit 2.0 which are copies
20 of the Certificates of Publication, and we would move
21 for admission of Exhibit 1.0, 2.0 when submitted, and
22 tender Mr. Barnhard for cross examination.

1 JUDGE SHOWTIS: Mt. Carmel Exhibits 1.0 and
2 late-filed Exhibit 2.0 are admitted into evidence.

3 (Whereupon Mt. Carmel Exhibits
4 1.0 and late-filed 2.0 were
5 admitted into evidence.)

6 Does Staff have any question of
7 Mr. Barnhard?

8 MR. SANT: No.

9 JUDGE SHOWTIS: I just have a couple
10 questions.

11 EXAMINATION

12 BY JUDGE SHOWTIS:

13 Q. Would you turn to Exhibit G-2 that was
14 attached to your testimony?

15 A. I believe you will find it says
16 "Commodity Gas Charge" all the way through.

17 Q. Right. This is page 1 of 3. Actually,
18 I am really asking about page 1 and page 3.

19 A. Right.

20 Q. On page 1 and page 3 you show a Requested
21 Factor 0 or Factor 0 of one cent. Do you really mean
22 for it to be zero?

1 A. I think it will be zero, but there was a
2 round off that cropped up and I never could find it.

3 Q. But you are not requesting any Factor O,
4 is that correct?

5 A. Easier to make that zero, just decide
6 where the penny belongs.

7 Q. All of the gas in the year 2000 was
8 purchased from Woodward Energy, Inc., is that correct?

9 A. Actually, it was Woodward Marketing
10 Incorporated, subsidiary of Woodward Energy.

11 Q. Was all of the gas that was purchased
12 from Woodward priced according to an index?

13 A. The greater volume was purchased under a
14 forward contract through Woodward. Then the balance
15 for any month that was over and above that contracted
16 price was at the index price for the month.

17 Q. And could you just elaborate a little
18 when you said the greater volume? What percentage of
19 the volume was purchased through that forward
20 contract?

21 A. Roughly 65 to 70 percent for each month
22 and the balance then came at the index. And I think,

1 with the exception of November, the index price was
2 substantially higher than the forward contract price.

3 Q. Have you reviewed Mr. Maple's prefiled
4 testimony?

5 A. Yes, sir, I have.

6 Q. Mr. Maple indicated that Mt. Carmel
7 should consider purchasing a portion of its gas supply
8 with contracts not tied to index pricing and should
9 weigh the risks and the benefits of non-index pricing
10 and develop an appropriate gas purchasing strategy
11 using prudent risk management practices.

12 A. I believe we are doing that now, sir.

13 Q. Okay. So you would intend to continue to
14 do what you are doing now and purchase portions of
15 your gas supply with contracts that aren't tied to
16 index pricing?

17 A. That is correct. I believe that we have
18 the example of the California electric utility
19 situation where that was forbidden by statute to show
20 the consequences of not being allowed to have long
21 term contracting.

22 Q. So basically what you are saying is what

1 Mr. Maple is recommending would reflect your current
2 practice?

3 A. That is correct, sir.

4 JUDGE SHOWTIS: Okay. That's all I had of
5 Mr. Barnhard. I am going to have the Staff witnesses
6 identify their testimony. We will start with
7 Mr. Sant.

8 BRYAN SANT

9 called as a Witness on behalf of Staff of the Illinois
10 Commerce Commission, having been first duly sworn, was
11 examined and testified as follows:

12 EXAMINATION

13 BY JUDGE SHOWTIS:

14 Q. Would you state your name for the record.

15 A. Bryan Sant.

16 Q. Again, what is your position with the
17 Commission?

18 A. I am an accountant in the Accounting
19 Department of the Financial Analysis Division.

20 Q. You have prefled direct testimony that I
21 believe has been identified as Staff Exhibit 1.0?

22 A. Yes.

1 Q. Which consists of five pages of prepared
2 testimony, is that correct?

3 A. Yes, it is.

4 Q. That direct testimony has been filed on
5 the e-docket system, is that correct?

6 A. Yes.

7 Q. Do you have any changes to that testimony
8 that you wish to make?

9 A. No.

10 Q. And are you requesting that Staff exhibit
11 1.0 be admitted into evidence?

12 A. Yes, I am.

13 JUDGE SHOWTIS: The direct testimony of Mr.
14 Sant which is identified as Staff Exhibit 1.0 that
15 appears on the e-docket system is admitted into
16 evidence. Since there are no changes to that
17 testimony, a hard copy is not required to be provided
18 to the court reporter.

19 (Whereupon Staff Exhibit 1.0 was
20 admitted into evidence.)

21 Mr. Bramlet, did you have any questions
22 of Mr. Sant?

1 MR. BRAMLET: I have no cross examination.

2 JUDGE SHOWTIS: I am going to have Mr. Maple
3 identify his testimony.

4 MARK MAPLE
5 called as a Witness on behalf of Staff of the Illinois
6 Commerce Commission, having been first duly sworn, was
7 examined and testified as follows:

8 EXAMINATION

9 BY JUDGE SHOWTIS:

10 Q. Mr. Maple, would you state your name for
11 the record.

12 A. My name is Mark Maple.

13 Q. And what is your position with the
14 Commission?

15 A. I am an energy engineer with the
16 Engineering Department, Energy Division.

17 Q. Have you prefiled the direct testimony
18 identified as Staff Exhibit 2.0 consisting of five
19 pages that has been filed with the e-docket system?

20 A. Yes.

21 Q. Do you have any additions or corrections
22 which you wish to make to that testimony?

1 A. No, I don't.

2 Q. Are you requesting that Staff Exhibit 2.0
3 be admitted into evidence?

4 A. Yes.

5 JUDGE SHOWTIS: Staff Exhibit 2.0 is admitted
6 into evidence. Since there are no changes to that
7 exhibit that appears on e-docket, a hard copy does not
8 have to be filed with the court reporter.

9 (Whereupon Staff Exhibit 2.0 was
10 admitted into evidence.)

11 Q. You heard Mr. Barnhard's reponse to my
12 questions with regard to your recommendation. Are you
13 satisfied by his response?

14 A. Yes.

15 JUDGE SHOWTIS: Mr. Bramlet, do you have any
16 questions of Mr. Maple?

17 MR. BRAMLET: I have no cross examination.

18 JUDGE SHOWTIS: Let's go off the record.

19 (Whereupon there was then had
20 an off-the-record
21 discussion.)

22 JUDGE SHOWTIS: Let's go back on the record.

1 Mt. Carmel will file a draft order or provide a draft
2 order to the Commission Staff for its review by August
3 8. I assume Staff and Mt. Carmel can reach an
4 agreement on the draft order. Once that's been
5 reached, Mt. Carmel should file the draft order with
6 the Chief Clerk's office. Since this is not a
7 contested case, I would not intend to serve a proposed
8 order on the parties. I may make minor modifications
9 to the draft order, but I don't think it's necessary
10 that my proposed order be served. Is that acceptable
11 to the parties?

12 MR. BRAMLET: Yes.

13 MR. SANT: Yes.

14 JUDGE SHOWTIS: Okay. The record will be
15 marked heard and taken.

16 HEARD AND TAKEN

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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
 CASE NO.: 00-0717
3 TITLE: ICC On Its Own Motion v. Mt. Carmel Public
 Utility Company
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CERTIFICATE OF REPORTER

5 I, Carla J. Boehl, do hereby certify that I am a
6 court reporter contracted by Sullivan Reporting
7 Company of Chicago, Illinois; that I reported in
8 shorthand the evidence taken and proceedings had on
9 the hearing on the above-entitled case on the 24th
10 day of July, 2001; that the foregoing pages are a
11 true and correct transcript of my shorthand notes so
12 taken as aforesaid and contain all of the proceedings
13 directed by the Commission or other persons
14 authorized by it to conduct the said hearing to be so
15 stenographically reported.

16 Dated at Springfield, Illinois, on this 31st day
17 of July, A.D., 2001.

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20 Certified Shorthand Reporter

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